

10 February 2020

Dear Chair Keny-Guyer, Vice-Chair Noble, Vice-Chair Williams, and Members of the House Committee on Human Services and Housing,

The Tillamook County Housing Commission's mission is to collaboratively advocate for attainable and equitable solutions that impact Tillamook County's greatest housing needs.

We would like to express our emphatic support for House Bill 4084, creating a grant program for system development charges on low-income housing projects in rural Oregon. We appreciate the variety of efforts undertaken by the Legislature in the past several sessions on housing. For example, we are looking at a property tax exemption based on House Bill 2377 (2017) to encourage more development, and we are working to lower the barrier to building accessory dwelling units, which were legalized in our urban growth areas by Senate Bill 1051 (2017).

But despite these efforts, rural Oregon is still being left behind by a lack of resources for responding to the housing crisis. Funding for system development charges, which often run in the tens of thousands of dollars per unit, is critical to helping bring in developers for projects in our county.

Our recently completed Housing Needs Analysis revealed:

- We need 2,603 housing units over the next 20 years in the best case scenario
- We have an *existing* market gap of 300-500 low-income units
- Over 50% of renters are cost burdened, meaning they spend more than 30% of their income on housing costs

In Tillamook County, our busy tourist season means infrastructure is routinely pushed to capacity. Our special districts have expressed continued concern over the impact of adding more permanent development on top of growing crowds in summer months.

On the other hand, developers are often unable to turn a profit. We are currently working with one workforce housing project that has a partial grant for system development charges and still may not be profitable. This is a common refrain from developers and acts as a deterrent to getting housing built. If we are unable to bring more projects to fruition in Tillamook County, our residents will continue to be left behind.

A huge factor in the lack of viability of housing projects in Tillamook County is the difference between 60% AMI in urban areas versus rural areas. A lower area median income means lower rents, despite similar development costs, which adds a large barrier to making projects work. On the coast, risk mitigation from hazards and bringing in labor and materials from other parts of the state means development costs more, even on cheaper land.

For our Commission, the question is whether this should be another tool to help financially-complex projects that often have several layers of financing, or whether it should be a more flexible tool to help address infrastructure issues for all types of housing in rural counties. In our view, SDCs are a general issue that need dedicated solutions, including this fund, and that means broadening its impact to a larger number of projects.

Thus, while we enthusiastically support this bill, we also would like to suggest that the AMI limit be raised to 80% of AMI or possibly even higher. System development charges are frequently the biggest barrier facing housing development in our county. Conversely, the popular summer months means our special districts need revenue from SDCs to support the load on infrastructure. Such a program to help both lower-income and workforce housing projects would have the potential to help build a variety of housing types throughout rural Oregon.

Thank you for your consideration, and best of luck as you continue this legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Gallagher". The signature is fluid and cursive, with a large initial "E" and "G".

Ed Gallagher
Chair, Tillamook County Housing Commission